

INCOMING TELEGRAM

Department of State

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45-M
Action

Control: 949
Rec'd: February 2, 1962
6:06 a.m.

E
Info

FROM: Djakarta

SS

TO: Secretary of State

L

NO: 1352, February 2, 1 P.M.

FE

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PRIORITY

US IA

ACTION DEPARTMENT 1352, INFORMATION BANGKOK 39

INR

CIA

Reference: Embassy telegram 1339

NSA

AGR

BOB

COM

FRB

TRSY

WHM

Department Foreign Affairs officials request that signing of three-year Title I PL 480 agreement be delayed at least until February 7. Date to be confirmed February 5. Foreign Minister involved with visit dignitaries and requested delay.

JONES

RMR

MJA-2

E MESSAGE CENTER
CONTROL
FEB 2 1962 CUT

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MAY 14 10 28 AM '62

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NAME OF OFFICER & OFFICE SYMBOL			

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Authority NND 949629

By Lat NARA Date 8/11/00

INCOMING TELEGRAM

Department of State

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47-M
Action

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Control: 1773
Rec'd: Feb. 3, 1962
5:25 AM

E
Info

FROM: BANGKOK

SS

TO: Secretary of State

L

NO: 1122, FEBRUARY 3, NOON

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PRIORITY

USIA

ACTION DEPARTMENT 1122, INFORMATION DJAKARTA PRIORITY 59.

INR

CIA

REFERENCE: DJAKARTA 1339 PRIORITY DEPT; INFO BANGKOK 38

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RMR

EMBASSY REQUESTS NO REFERENCE BE MADE TO PROPOSED ADDITIONAL 42,000 TONS RICE IN SUGGESTED SIGNING FEBRUARY 5 DJAKARTA THREE YEAR TITLE 1 PL 480 AGREEMENT. PLEASE INFORM EMBASSY THE DATE FIXED FOR SIGNING AND SUMMARY RICE SALES PROVISIONS. IN PAST CONSULTATION EMBASSY HAS, DESPITE URGING, AWAITED WEEKS FOR FONOFF REPLY WHICH FONOFF STAFFS THROUGH MINISTRIES AGRICULTURE AND ECONOMIC AFFAIRS.

IT WAS SEPT 1 THAT FONOFF OFFERED NO OBJECTION TO 3-YEAR SALE PROGRAM IN AIDE-MEMOIRE RESPONDING TO EMBASSY'S REQUEST DATED AUG 9, AS EMBASSY ADVISED DEPT IN EMBTEL 332, INFO DJAKARTA 13 LAST SEPT 1. ENTIRELY LIKELY FONOFF WILL RAISE QUERY WHEN THIS MULTI-YEAR PROGRAM IS SIGNED MORE THAN FIVE MONTHS AFTER EMBASSY RECEIVED AND TRANSMITTED FONOFF REPLY.

YOUNG

CJ

MESSAGE CENTER
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Authority NND 949629
By *pat* NARA Date 8/11/00

46
INCOMING TELEGRAM

Department of State

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Action

Control: 2176

Rec'd: Feb. 4, 1962
3:46 AM

E

FROM: DJAKARTA

Info

SS

TO: Secretary of State

SR

L

NO: 1363, FEBRUARY 3, 4 PM

FE

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PRIORITY

USIA

ACTION DEPARTMENT 1363, INFORMATION BANGKOK 40.

NSC

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DEPARTMENT TELEGRAM (UNNUMBERED), FEBRUARY 1, 6:00 P.M.

CIA

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FRB

TRSY

WHM

IN RESPONSE REFTEL INFORMED FOREIGN DEPARTMENT OFFICIAL POSSIBILITY LACK CLEARANCE 42,000 TONS RICE BY SCHEDULED DATE SIGNING (EMBTel 1352) AND PROPOSAL IF SIGNING PROCEEDS THAT 42,000 TONS WILL HAVE TO BE OMITTED AND INCLUDED LATER BY AMENDMENT.

RMR

OFFICIAL REPLIED THAT THIS NEWS WOULD CREATE FUROR IN GOI, MINISTERS (FOREIGN AFFAIRS, DEPUTY FIRST AND MINISTER DISTRIBUTION) WOULD "HIT CEILING." PREDICTED WHOLE AGREEMENT LIKELY AGAIN BE DELAYED AS UNTENABLE TO REDUCE VALUE TOTAL PROGRAM AT THIS DATE. WOULD CREATE ATMOSPHERE SUSPICION AND TENSIONS BETWEEN OUR TWO COUNTRIES. ONLY NECESSITY MAINTAIN OVER-ALL VALUE THREE-YEAR PROGRAM AND PROMISE IMMEDIATE SHIPMENT RICE (50,000 TONS RICE IN AGREEMENT NOT AVAILABLE UNTIL AFTER AUGUST) SWAYED TOP GOI MINISTERS TO ACCEPT WHAT THEY CONSIDER UNREALISTICALLY HIGH USUAL IMPORT REQUIREMENTS FOR WHEAT FLOUR. MOREOVER GOI OFFICIAL BELIEVES WOULD AROUSE SERIOUS DIFFICULTIES IN GOI RELATION WITH THAIS. HE AND OTHER INDONESIANS CANNOT CONCEIVE OF THAI OBJECTION THIS RICE NOR DELAY IN CONSULTATIONS IN VIEW CRITICAL FOOD SITUATION. HE EXPRESSED INDIGNATION THAT THAIS WOULD HOLD UP APPROVAL THIS RELATIVELY SMALL QUANTITY (COMPARED THAI TOTAL EXPORTS AND GOI PURCHASES THAI RICE) WHEN NEEDED FEED HUNGRY PEOPLE AND GOI ALREADY COMMITTED USUAL

②

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ACTION ASSIGNED TO	ACTION TAKEN	DATE OF ACTION	DIRECTIONS TO RM/R
NAME OF OFFICER	DATE OF ACTION	2/5/62	Fals
OFFICE SYMBOL			

Djakarta 1363

611.9841/2-3622

FEB 5 1962 E MESSAGE CENTER

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NR 492.9841

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Authority NND 949629
By lat NARA Date 8/11/00

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-2- 1363, FEBRUARY 3, 4 PM FROM DJAKARTA

COMMITTED USUAL IMPORT REQUIREMENT OF 650,000 MT ANNUALLY
AND SUBSEQUENTLY BECOMES CAPTIVE MARKET FOR THAI RICE.

EMB DEEPLY CONCERNED THIS DEVELOPMENT AND IMPLICATIONS ARE
THAT GOOD WILL GENERATED BY THIS THREE-YEAR PROGRAM WILL BE
DISSIPATED. URGENTLY REQUEST RENEWED EFFORTS OBTAIN THAI
CLEARANCES IN TIME PERMIT SIGNING FEB 8 AT LEAST.

JONES

HC

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0 0 7 4 9

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Authority NND 949629
By Lat NARA Date 8/11/00

OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT
☐ CHARGE TO

CONFIDENTIAL
Classification

02064

FEB 5 8 25 PM '62

Origin
Info:

ACTION: Anembassy BANGKOK NIACT 1140
INFO: Anembassy DJAKARTA 861
Embtl 1122, Djakarta's 1363, Info Bangkok 40

Sale 42,000 tons rice to Indonesia is imminent. Concerned that your messages contain no indication consultations with RTG have begun. If RTG consultations not completed very soon we will be faced with bitter prospect ^{nonetheless} proceeding with sale despite implications this action.

Appreciate timing factor mentioned Embtl 1122. However deliveries under three-year agreement as previously approved by RTG not available until August. Additional 42,000 tons needed immediately meet compelling need (Dep-tel 1061, 1125 and others).

We are delaying agreement with GOI until Feb 12. We hope your personal and urgent presentation of compelling economic and political motivations this sale will elicit RTG concurrence within deadline.

End.

RUSK

Indicated by RUSK

Drafted by: *[Signature]* Telegraphic transmission and
FE:SEA *[Signature]* 2/5/62 classification approved by: FE - Avery P. Peterson *[Signature]*
Clearance: SEA - Mr. Ruff (draft) OSD - Mr. Petros (draft) SPA - Mr. *[Signature]* (draft)
Mr. Spivaek FAS - Mr. Kross (subs) *[Signature]*
Mr. Cleveland

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FORM
DS-322

0 0 7 5 0

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Authority NND 949629
By *[Signature]* NARA Date 8/11/00

INCOMING AIRGRAM

Department of State

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PAGE 1 OF 2 PAGES

27

Action

E-58

FROM: Amembassy, DJAKARTA

Info

TO: Secretary of State

RM/R-2

FE-4 NO: A-360

L-3

AID-20

ACR-20

Ref: W-39. OR. CSD 1040 FE L 10A FAS

JOINT STATE-AID-AGRIC MESSAGE.

Date Sent: February 5, 1962
Rec'd:

Though GOI has agreed to draft loan agreement (enclosure No. 1 to reInstruction), Forn. Dept. called meeting January 19 with several Indonesian Government agencies represented to give US representatives suggested changes. Suggested changes, which subsequently presented in a letter dated January 23, 1962 from K. Siagian, Head of American Foreign Aid Section, Dept. of Foreign Affairs, quoted below with Embassy comments given in parentheses;

"1. Now that the Eximbank has been replaced by the A. I. D., the Indonesia side wonders whether it will be possible in future for SAC Loan Agreements to be signed in Djakarta." (GOI officials informed signature Djakarta feasible and if so desired GOI could request signature here.)

"2. Since the Loan in question is to be utilized for development purposes, the Indonesian Government would appreciate a reduction in the interest rate charged from 4% to 2%, in the spirit and within the framework of the 1961 Foreign Aid Bill." (GOI officials informed PL 480 loans not comparable with "Foreign Aid" loans. PL 480 loans 4 percent worldwide.)

"3. As was the case with the first SAC Loan Agreement concluded in 1956, the Indonesian Government request a grace period of 4 years for the principal and 3 years for the interest payments, repayment to commence after the end of the first month following the first disbursement." (Embassy understands 4-year grace period repayment principal acceptable USG. Three-year grace period in consonance with previous loan agreements. In oral discussion GOI officials stated they understood that schedule of repayments for three-year Title I, PL 480 program was 40 years, including 4-year grace period and 73 repayment periods.)

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OFFICE SYMBOL		ACTION			

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By lat NARA Date 8/11/00

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"4. Article 7 should provide for the possibility of the accumulated Indonesian rupiahs being re-loaned to the Indonesian Government, while the rate for the 2% transfer mentioned in the same article should be subject to the prior agreement of both Government." (GOI officials informed that not possible or recommended to tie up funds so far in advance. Moreover, we note that the provisions of the last sentence of Section 8 do not provide for re-loan of unexpended balances. In the two percent conversion clause, the clarification of the rupiah rate per dollar of foreign exchange would eliminate the problem that arose of the conversion rate in previous sales agreements. The actual deposit rate was used as the rupiah rate per dollar for conversions in past sales agreements, but this may not apply to repayments under loan agreement. Also, for disposition of the balance of the funds, as per last sentence of Section 7, they feel the rate should be clarified in the loan agreement.)

"5. The Indonesian side wishes to know what is the precise meaning of the term 'unexpended balance' used in Article 8; it is not clear whether this refers to the loan or to the repayment. Since Government agreement referred to in Article 8 should be in accordance with Indonesian laws, the words 'as permitted by Indonesian law' should be inserted in this Article after the word 'agrees'." (Wording "as permitted by Indonesian law" same as contained in previous loan agreements. If no objections, suggest insertion these words. Explained to GOI officials that Section 8 refers to repayments.)

"6. The Indonesian side requests a schedule of payments for this Loan Agreement." (Enclosure No. 1 ref instruction did not include the schedule of payments. GOI officials want confirmation their understanding given in No. 3 above.)

"7. Finally the Indonesian side drew the attention of the representative of the U. S. Embassy to the fact that certain amendments to the Third SAC Sales Agreement concluded in 1960 have not yet been covered by a Loan Agreement." (GOI officials request status of the following loan agreements: March 2, 1961 amendment (rice) and September 8, 1961 amendment (wheat flour) to sales agreement signed November 5, 1960. October 28, 1961 sales agreement (rice). November 17, 1961 amendment (rice) to October 28, 1961 sales agreement. GOI officials orally stated that their Embassy, Washington, authorized to sign all above.)

In the meeting the GOI officials pointed out that in the preamble and Section 3, "Article II, paragraph 4" should be changed to "Article II, paragraph 3". (The deletion of grants moved loans from "4" to "3".)

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By Lat NARA Date 8/11/00

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A-360

Amembassy, DJAKARTA

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Embassy will appreciate receiving comments on suggested changes and if acceptable inclusion loan agreement to three-year Title I, PL 480 sales agreement now tentatively scheduled for signature in early February, 1962.

JONES

AGRIC:COWinberg/AID:MGren/ECON:JWLydman:vi

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By Lat NARA Date 8/11/00

OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT
☐ CHARGE TO

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Classification

02067

FEB 5 8 27 PM '62

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Origin

ACTION: Amembassy DJAKARTA 862

Info

Every effort being made obtain RTG concurrence 42,000 ton rice sale by Feb. 12. Political considerations make us extremely reluctant proceed sale without RTG concurrence.

FYI Nonetheless we anticipate authorizing you sign agreement no later than Feb 19. END FYI

End

RUSK

Djakarta 862

611.9841/2-562

①

Drafted by:

FE:SEA:Wright:mf

2/5/62

Telegraphic transmission and classification approved by:

SEA - Avery F. Peterson

Cleanances:

SEA - Mr. Masters

SPA - Mr. Thresher

CSD - Mr. Petrov

Mr. Buff

FAS - Mr. Kross (subs)

Mr. Spivack

Mr. Cleveland

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FORM 8-61 DS-322

00754

DECLASSIFIED
Authority NND 949629
By Lat NARA Date 8/11/00

OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT
☐ CHARGE TO

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Classification

3712
FEB 8 547 PM 62

Origin
Info:

ACTION: Amembassy BANGKOK PRIORITY 1160
INFO: A embassy DJAKARTA 877
REF: Embtel 1150 rptd Djakarta 60

Agreement with Indonesia is now jelled. Djakarta's 40 to you gives reasons why change in agreement with GOI not rpt not possible at this late date.

You have complete information on this sale from Department's and Djakarta's cables. Please make every effort obtain RTG concurrence by Feb 12. If that proves impossible we will try hold off signing agreement for a few more days, but firm decision conclude this sale soonest has already been made.

End.

RUSK

Drafted by:

FE:SEA:MMWright:mf

2/8/62

Telegraphic transmission and
classification approved by:

EE - Avery F. Peterson

Clearances:

SEA - Mr. Cleveland
Mr. Spivack (indiv) (Luma)
Mr. Masters
Mr. Ruff (Luma)

SPA - Mr. Thrasher

CSD - Mr. Petrov

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FORM
8-61 05-322

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Authority NND 949629
By Lat NARA Date 8/11/00

INCOMING TELEGRAM

Department of State

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Control: 5674
Rec'd: FEB. 9, 1962
11:11am

Djakarta 1392

Action

FE FROM: DJAKARTA
Info
SS TO: Secretary of State
SR NO: 1392, FEBRUARY 8, 2 PM
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EUR PRIORITY
IO
IGA ACTION DEPARTMENT 1392, INFORMATION CINCPAC 248, THE HAGUE 175,
AID CANBERRA 150, PARIS TOPOL 1.
F
E
CINCPAC ALSO FOR POLAD
CIN
INR DEPTTEL 837 798.56
CIA
NSA
OSD
AFM
NAVY
IR
RMR

AFTER CAREFUL CONSIDERATION POSSIBLE COURSES ACTION CONTAINED LAST PARA REFTTEL EMB CONCLUDES NEITHER LIKELY SERVE REQUIRED PURPOSE. EVIDENT THAT INDOS BECOMING INCREASINGLY SUSPICIOUS THAT US IS BACKING AWAY FROM NEUTRAL STAND ON WNG ISSUE, PREPARING EXERT PRESSURES IN CASE HOSTILITIES WNG. CONTRIBUTING TO SUSPICIONS ARE: 1) DELAY IN AUTHORIZING SHIPMENT C-130 B SPARE PARTS (JUST LICENSED ACCORDING DEPTTEL 863); 2) US POSTPONEMENT SIGNING PL 480 AGREEMENT AFTER INDOS HAD AGREED TO WHAT THEY REGARD AS EXCESSIVE NORMAL MARKETING ASSURANCE FOR WHEAT FLOUR (EMBTTEL 1363); 3) CONTINUED DELAY IN LONG PROMISED RESULTS FROM ECONOMIC TEAM SURVEY; AND 4) FACT THAT EXCEPT FOR TRAINING AND CERTAIN FOLLOW-ON SPARES, FY 62 MILITARY AID PROGRAM HAS NOT BEGUN WHILE DELIVERIES MILITARY EQUIPMENT UNDER PREVIOUS FIVE YEARS ARE PRACTICALLY FINISHED. RE LAST POINT, BULK OF NAVY PROGRAM HAS BEEN DELIVERED, AIR FORCE DELIVERIES WITH EXCEPTION CERTAIN SPARES, ARE COMPLETE, AND WITH MINOR EXCEPTIONS DELIVERIES OF EQUIPMENT TO ARMY HAVE STOPPED OWING CANCELLATION OF OUTSTANDING ORDERS AS PART OF CHANGE-OVER TO NEW SMALL ARMS PROGRAM. THUS REQUEST FOR MS/MS PURCHASE, WHICH PREVIOUSLY STYMIED BY US

798.56/2-862

XR 656-9813
611-9841
798.5

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Date 2-27-62

Name G. W.

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NAME OF OFFICER	DATE OF ACTION: <i>2/9/62</i>	
OFFICE SYMBOL: <i>FE:SDP:DS Lndgund</i>		

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Authority NND 949629
By *Lat* NARA Date 8/11/00

OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT
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0 4 4 3

FEB 9 6 48 PM '62

Origin

ACTION: Amembassy DJAKARTA PRIORITY 884

Info:

You authorized sign multi-year Title I PL 480 agreement on basis W-3
A-33
as modified W-39, and Deptels 624, 747, 757, and 982 provided you
satisfied GOI accepts terms of and is prepared sign loan agreement. If
loan agreement to be signed Washington, you should assure yourself GOI has
instructed its Ambassador/W to sign. If to be signed Djakarta, see Deptel
982. Give Department at least 24 hours' notice of date and hour of signing
to permit preparation USDA press release here. Confirm signing priority
in clear. Forward documents per 4 FSM 326.

Djakarta 884

Rusk

RUSK

611.9841/2-962

①

Drafted by: ORFCSD:CGPetrov:bad:2/9/62

Telegraphic transmission and
classification approved by:

E - Edwin M. Martin

Cleanances:

FAS:Mr. O'Leary
SPA:Mr. Thrasher
AID:Mr. Sullivan

LFE:Mr. Bilder
SEA:Mr. Wright

CSD:Mr. Gabbard
OF:Mr. Brodie

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AIRGRAM

INTERNATIONAL COOPERATION ADMINISTRATION

DEPARTMENT
OF STATE

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SECURITY CLASSIFICATION
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Djakarta

SUBJECT - Amendment to October 26, 1961

Sales Agreement

REFERENCE - (A) Embassy Airgram A-262
(B) Dept. Airgram A-44
(C) ICATO CIRC XA 44

ADDRESS AND SERIAL NUMBER

AID/W TOAID A- 715

JOINT EMBASSY/USAID

PAGE 1 OF 2
DATE SENT 9 February 1962
DATE REC'D.

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OTHER AGENCY

State

ABAK

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1. The Department of Foreign Affairs of the Government of Indonesia requested by Note No. 1315/61/08 dated November 20, 1961, that 37 1/2% of the proceeds of the Title I PL 480 agreement signed October 26, 1961, and amended November 17, 1961, be made available to the Government of Indonesia on a grant basis. The Department was so notified by reference (A). The purpose of this message is to provide justification for this amendment as requested by reference (B) and in accordance with reference (C).

2. In its December 22, 1961 program submission, USAID requested program approval among other things for two 104(e) funded activities as follows:

a. Support to the National Police	Rp. 200,000,000
(FY 62-63-64)	
b. University Building Construction	540,000,000
(FY 62)	
TOTAL	Rp. 740,000,000

The maximum expected 104(e) carryover after these activities are funded is Rp. 745,000,000. This total is based on the assumption that the subject amendment will be approved, thus providing an additional 104(e) amount of approximately Rp. 280,000,000. Currently USAID is considering additional 104(e)-funded activities in the fields of ex-servicemen's training and education as follows:

a. Ex-servicemen's Skills Training (FY 64,65,66)	Rp. 200,000,000
b. University Building Construction (FY 64,65)	540,000,000
TOTAL	Rp. 740,000,000

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ICA-5-39F (9-60)

PRINTED 9-61

Djakarta TOAID A-715

611.9841/2-962

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By Lat NARA Date 8/11/00

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DEPARTMENT OF STATE

DJAKARTA JOINT EMB/USAID A 715

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2 2

5. The ability to fund the above projects depends directly on additional availability of 104(e) funds from the subject amendment. If this amendment is not authorized, USAID will have cut back on the above illustrative activities.

4. Justification is given below for the use of grant rather than loan funds to provide for the activities itemized herein.

Support to the National Police

USAID has a fairly large dollar project for assisting the National Police. The 104(e) funds will be used to construct the following training facilities: Mobile Brigade Training Center; Djakarta Police Academy Laboratory; National Police Training School (Sukabumi); Sea Police Bases (Ambon, Makassar, Balikpapan, Medan, and Bitong); National Police Radio Training School (Bandung). These facilities are connected with USAID's dollar grant project. The R.I. has requested this assistance.

University Building Construction

USAID has already obligated Rp. 60 million in 104(e) funds to support construction at the Faculty of Agriculture at Dermaga. Rupiah support proposed for this and other university construction is principally in support of dollar-financed university contracts funded on a grant basis. Since the support planned is for educational facilities, it corresponds with existing guidelines for the use of 104(e) currency. The USAID has received an official request for the FY 62 portion of university construction and is considering additional support in FY 64 and FY 65.

Ex-Servicemen's Skills Training

Additional skills are required to provide skilled manpower for development as outlined in the R.I. Eight Year Plan. This general need is described in the December 22, 1961 submission. It is an education activity and therefore 104(e) funding is proposed.

JONES

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By Lat NARA Date 8/11/00

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Action

Control: 6750

Rec'd: Febraury 12, 1962

4:55 a.m.

E
Info

FROM: DJAKARTA

SS

TO: Secretary of State

L

NO: 1420, FEBRUARY 12, 3 PM

H

FE

PRIORITY

IGA

JOINT STATE-USAID-AGRICULTURE

AID

P

REFERENCE: DEPARTMENT TELEGRAM 782, 884

USIA

INR

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RMR

GOI REQUESTS LOAN AGREEMENT BE SIGNED DJAKARTA.
EMBASSY CONCURS IN VIEW PUBLICITY VALUE. PREVIOUSLY
MAJORITY GOI UNAWARE OF LOAN AGREEMENTS BECAUSE NOT SIGNED HERE.

UNDERSTAND NOT FEASIBLE SIGN LOAN AGREEMENT
CONCURRENTLY WITH SALES AGREEMENT WHICH NOW LIKELY BE
SIGNED FEBRUARY 14. APPRECIATE RECEIPT DETAILED
INSTRUCTIONS AND COPIES LOAN AGREEMENT FOR EXECUTION.

EMBASSY HAS NOT YET RECEIVED DEPT'S VIEWS ON
REVISIONS DRAFT LOAN AGREEMENT (ENCL 1, INSTRUCTION
W-39) REQUESTED BY GOI, FORWARDED EMBASSY'S A-360.
OF REVISIONS REQUESTED, FOLLOWING POINTS NEED CLARIFICATION
ON URGENT BASIS PRIOR SIGNING SALES AGREEMENT:

(A) THREE-YEAR GRACE PERIOD FOR INTEREST PAYMENTS
(SECTION 3), (B) CLARIFICATION OF RUPIAH RATE PER DOLLAR OF
FOREIGN EXCHANGE (SECTION 4), (C) INSERTION OF "AS PERMITTED
BY INDONESIAN LAW" AFTER "AGREES" IN ARTICLE 8 (SECTION 5),
AND (D) 40-YEAR REPAYMENT SCHEDULE (EMBTel 1035) Deptel 624

JONES

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FEB 12 1962

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Authority NND 949629

By [signature] NARA Date 8/11/00

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INDICATE: ☐ COLLECT
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05286

FEB 12 5 59 PM '62

See DCT for only.

Origin

ACTION: Amembassy DJAKARTA - PRIORITY 903

JOINT/USAID/AGRICULTURE

Your 11:20 611.9841/2-1262

611.9841/2-562

A-360 not yet received. Following is clarification points cited reftel re loan agreement:

A. Cannot authorize three-year grace period for interest payments since this contrary NAC policy.

B. Re Section 4 we assume rupiah exchange rate question refers to rate which would be applicable should GOI exercise option repay in dollars rather than rupiah. Since GOI maintains multiple rate system terms sub-paragraph (b) would then apply. If GOI insists on agreed language now, we will supply. In meantime you may inform GOI our present position is that since 15.28125 rate now applies repayments DIF loan agreements under present GOI exchange system, we would also expect 45.28125 rate apply to calculation dollar equivalent of rupiah repayment under this loan agreement should GOI choose exercise dollar repayment option. As Embassy aware, different rate might become applicable should GOI exchange system change.

C. Cannot authorize change Section 8 of loan agreement without having seen explanation which we assume provided A-360. To permit signing of

sales

Drafted by: FN/ERCheney
OR: CSD:CGPetrov
Clearance: FAS:Mr. Kross
FE:BI:AID:Mr. Burgess

Telegraphic transmission and classification approved by: OR: CSD: Howard H. Gabbert
LAE/AID: Miss Thompson
SPA: Mr. Thrasher

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FORM DS-322

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By Lat NARA Date 8/11/00


Page 2 of telegram to Amembassy DJAKARTA - PRIORITY

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sales agreement on February 14, you should make every effort to get GOI accept present language this section.

D. Deptel 345 authorized you accept 40-year repayment schedule.

Detailed instructions and copies loan agreement for execution will be airpouched after receipt signed sales agreement in Department.

Rusk 

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48
INCOMING TELEGRAM

Department of State

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Control:

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Action

Rec'd:

February 13, 1962
2:16 a.m.

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FROM: DJAKARTA

Info

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TO: Secretary of State

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NO: 1425, FEBRUARY 13, 11 AM

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DEPARTMENT TELEGRAM 884, EMBASSY TELEGRAM 1420

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SALES AGREEMENT BEING SIGNED 10:00 A.M. FEBRUARY 14. FOREIGN AFFAIRS OFFICER INFORMED EMBASSY OFFICER THAT TELEGRAM SENT THEIR AMBASSADOR IN WASHINGTON AUTHORIZING HIM TO SIGN LOAN AGREEMENT AND THAT SUGGESTIONS REVISIONS (REFTEL) BE INCLUDED, IF FEASIBLE. NOTE THAT SIGNING OF LOAN AGREEMENT TRANSFERRED FROM DJAKARTA (REFTEL) TO WASHINGTON AT GOI REQUEST.

JONES

RMR

JVC/21

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FEB 13 1962
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By [signature] NARA Date 8/11/00

INCOMING TELEGRAM

Department of State

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Control:

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Rec'd:

February 14, 1962
12:47 a.m.

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FROM: DJAKARTA

SS

TO: Secretary of State

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NO: 1437, FEBRUARY 13, 11 P.M.

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RMR

DUE UNFORESEEN MEETINGS ARISING KENNEDY VISIT SUBANDRIO REQUESTED THAT SIGNING OF SALES AGREEMENT FOR THREE-YEAR PROGRAM BE POSTPONED UNTIL NOON FEBRUARY 19. SUBANDRIO PREFERS SIGN RATHER THAN DELEGATE AUTHORITY TO SUBORDINATE SO RELUCTANTLY REQUESTED POSTPONEMENT.

JONES

SAJ

FEB 14 1962
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Action.

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Control:

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Rec'd:

Feb. 15, 1962

5:14 AM

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FROM: DJAKARTA

Info

TO: Secretary of State

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NO: 1443, FEBRUARY 14, 3 PM

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DEPARTMENT TELEGRAM 903

INFO CONTAINED REFTEL GIVEN FOR. AFFAIRS OFFICIALS.
GOI HAS AUTHORIZED AMBASSADOR/WASHINGTON TO SIGN LOAN
AGREEMENT (EMBTel 1425).

AGR

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RMR

IN VIEW POSTPONEMENT SIGNING DATE FOR SALES AGREEMENT UNTIL
NOON FEB. 19, APPRECIATE RECEIPT CLARIFICATION POINT (C).
REFTel AND RUPIAH RATE PER DOLLAR AT WHICH 2 PERCENT CONVERSION
OF LOAN PROCEEDS TO BE MADE. IN CONVERSIONS UNDER PAST SALES
AGREEMENTS, RATE HAS BEEN RUPIAH 56.25 PER DOLLAR OR SAME AS
DEPOSIT RATE. WITH TWO DEPOSIT RATES IN THREE-YEAR SALES
AGREEMENT, GOI OFFICIALS SUGGEST THAT CONVERSION RATE
BE SPELLED OUT IN LOAN AGREEMENT.

JONES

CJ/21

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FEB 15 1962

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Authority NND 949629

By Lat NARA Date 8/11/00

OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT
☐ CHARGE TO

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Classification

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FEB 15 5 55 PM '62

Origin

ACTION: Amembassy DJAKARTA - PRIORITY

Info:

Your 1443 and A-360

Following is information re PL 480 loan agreement requested A-360:

- 1) GOI understanding correct loan to be repaid in 40 years in 73 repayment periods with 4-year grace period on repayment principal. As stated payment Deptel 903, grace period on/interest cannot be authorized. Schedule of payments will be furnished GOI before loan agreement signed.
- 2) Re Embtel 1443 interested agencies believe appropriate rate for conversion two percent repayments on proposed new loan would under present GOI exchange system be 45.28125 rupiah per dollar. This deposit rate for country use portion. In event change GOI exchange system before such conversion completed, question applicable rate would be reexamined in light facts existing at that time and mutual agreement reached on applicable rate. Agencies willing include substance foregoing in letter administrative arrangements under loan agreement if GOI insists.
- 3) No objection inclusion phrase "as permitted by Indonesian law" in Section 8 loan agreement referring to loan repayments. Believe for sake of clarity phrase should be inserted at end first sentence, after "rupiahs".
- 4) Administrative preparations underway for signing loan agreements relating to ~~xxxx~~ sales agreements specified A-360.

Assume

Drafted by: FN:RCheney
OR:CSD:COPetrow 12/15/62
Clearance: SPA:Mr. Thrasher
FPF:Mr. Symington (sub)
FAS:Mr. Kross (sub)

Telegraphic transmission and
classification approved by: OR:CSD: Howard M. Gabbert
AID:Miss Thompson

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FORM 5-61 DS-322

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By 207 NARA Date 8/11/00

Page 2 of telegram to Ambassy DIAKARTA - PRIORITY

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Assume Attorney General, who has expressed interest in Food-for-Peace Program to FFP Director McGovern, being kept informed of arrangements for signing sales agreement.

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By Lat NARA Date 8/11/00

45
INCOMING TELEGRAM

Department of State

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Control: 11986
Rec'd: Feb. 20, 1962
2:20 AM

Djakarta 1489

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Info

FROM: Djakarta

SS
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TO: Secretary of State

NO: 1489, February 19

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PRIORITY

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Three-year Title I PL 480 agreement signed 1:30 p.m., February 19.

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By [signature] NARA Date 8/11/00

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Department of State

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ACTION TO: Amembassy DJAKARTA

Your Despatch 558

Page ____ of ____ Pages

COM-6

Deptel 747 (1/12/62) instructed and Deptel 834 (2/1/62) reaffirmed that \$5,000,000 for rice PA within 90 days would provide about 42,000 tons to be shipped before June 30, 1962 and an additional 50,000 tons of rice available for CY 1962 could be shipped after the 1962 crop is harvested in the U.S., i.e., after August 1, 1962.

In the future use of "minimum" as in penultimate sentence of reference should be avoided inasmuch as dollar figures are controlling - actually more or less than the estimated quantity may be purchased depending on the purchase price.

BALL (ACTING)

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Desired
(Office
Only)

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Classification

Drafted by:
AMRollefson:ff FAS 3/23/62

Airgram transmission and
classification approved by: Agr.: C.R. Donovan

Classified by:
C.R. Eskildsen - FAS/USDA
(CSD) CPetrow - State
(SPA) Mr. Thrasher

Mr. Hauschner - AID

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By Lat NARA Date 8/11/00

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(Security Classification)

FOREIGN SERVICE DESPATCH

DO NOT TYPE IN THIS SPACE

611.984/2.2162

FROM : Amembassy, DJAKARTA 557
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON. February 21, 1962
DATE

REF : *encl retained in L. 3/5/62* FEB 21 1962

For Dept. Use Only	ACTION L-2	DEPT. IN F O	<i>RM/R.2 REP.1 INR.5 AID-10 E-3 FE-3</i> <i>CIA-10 Com. 10 TR-2 FRB-3 Agv-10</i>
	REC'D 3-6		

SUBJECT: Fifth Title I, PL 480 Agreement: Three-Year Agreement signed on February 19, 1962

Attention: Assistant Legal Adviser for Treaty Affairs.

The Three-Year Title I, Public Law 480 Agreement between the Government of the United States of America and the Government of Indonesia was signed at 1:30 p. m. on February 19, 1962, in the Department of Foreign Affairs, Djakarta, Indonesia. Ambassador Howard P. Jones signed the Agreement for the United States and Foreign Minister Dr. Subandrio signed for Indonesia. The signed original of the Agreement, entitled "Agricultural Commodities Agreement between the Government of the United States of America and the Government of Indonesia under Title I of the Agricultural Trade Development and Assistance Act, as Amended," and the originals of two confirming notes (Notes No. 0153/62/06 and No.0154/62/06) signed by Dr. Subandrio are forwarded as Enclosure No. 1 of this despatch. A certified copy of the Agreement, entitled "Agricultural Commodities Agreement Between the Government of Indonesia and the Government of the United States of America under Title I of the Agricultural Trade Development and Assistance Act, as Amended," is forwarded as Enclosure No. 2 of this despatch. Certified copies of the notes (Notes No. 522 and No. 523) from this mission, the originals of which were signed by Ambassador Jones, to the Government of Indonesia are forwarded as Enclosures No. 3 and No. 4 of this despatch. Certified copies of the two notes which have been exchanged have been retained for the Embassy's files.

FOR THE AMBASSADOR:

Enclosures Marked NS

not rec'd. If rec'd

they will be distributed

NS.

Encis: 4 (see above)

original
enclosures 1, 2, 3, 4
in LIT-photos attached.
3/5/62 (2)

Jack W. Lydman,
Counselor of Embassy for
Economic Affairs

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MAR 12 2 42 PM '62
DEPARTMENT OF STATE
OFFICE OF THE LEGAL ATTACHE

AGRIC: COWinberg:vf
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Authority NND 949629
By *Lat* NARA Date 8/11/00



THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

REPUBLIC OF INDONESIA
ISLAND OF JAVA
CITY OF DJAKARTA
EMBASSY OF THE UNITED STATES
OF AMERICA

SS:

I, Jacob Walkin, Consul of the United States of America at Djakarta, Java, Indonesia, duly commissioned and qualified, do hereby certify that the annexed Agricultural Commodities Agreement between the Government of Indonesia and the Government of the United States of America, is a true and correct copy of the original, the same having been carefully examined by me and found to agree word for word and figure for figure with the said original.

IN WITNESS WHEREOF I have hereunto set my hand and caused the seal of the Embassy of the United States of America at Djakarta, Java, Indonesia, to be affixed this twentieth day of February, 1962.



Jacob Walkin
Jacob Walkin

Consul of the United States of America
at Djakarta, Java, Indonesia.

Service No.	
Facility from No.	58141
Fee Paid U.S.	6.00
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Desiring to set forth the understandings which will govern the sales of agricultural commodities to Indonesia pursuant to Title I of the Agricultural Trade Development and Assistance Act, as amended (hereinafter referred to as the Act), during the calendar years 1962, 1963 and 1964 and the measures which the two Governments will take individually and collectively in furthering the expansion of trade in such commodities;

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By SP7 NARA Date 8/11/00

in a manner which is not designed to interfere with the operations of the United States Government and to the extent that it is not in the interest of the United States to do so, the Government of the United States of America is not bound by the provisions of this agreement.

The Government of the Republic of Indonesia and the Government of the United States of America:

TO WITNESSED
BY THE GOVERNMENT OF THE REPUBLIC OF INDONESIA AND THE GOVERNMENT OF THE
UNITED STATES OF AMERICA
AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA
BY THE GOVERNMENT OF THE REPUBLIC OF INDONESIA
BY THE GOVERNMENT OF THE REPUBLIC OF INDONESIA

-2-

Have agreed as follows:

ARTICLE I
SALES FOR INDONESIAN RUPIAH

1. Subject to issuance by the Government of the United States of America and acceptance by the Government of Indonesia of purchase authorizations and to the availability of commodities under the Act at the time of exportation, the Government of the United States of America undertakes to finance the sale for rupiah to purchasers authorized by the Government of Indonesia of the following agricultural commodities in the minimum amounts indicated.

<u>Commodity</u>	<u>Export Market Value</u> (millions)
Rice	\$ 24.5
Cotton (domestic processing)	19.8
Cotton (third country processing)	16.5
Wheat flour	15.0
Tobacco	10.0
Ocean transportation	6.9
Total	\$ 92.7

2. Applications for purchase authorizations for \$5.0 million of rice, \$5.0 million of wheat flour, \$3.333 million of tobacco, \$5.7 million of cotton (domestic processing), and \$16.5 million of cotton (third country processing), plus certain ocean transportation costs, will be made within 90 calendar days after the effective date of this agreement for procurement during calendar year 1962.

The amounts of rice, cotton, tobacco, and wheat flour for subsequent years will be determined on the basis of annual review to

agreed to provide the same for the purpose of being used by the Government of the United States of America for the purpose of exportation. The Government of the United States of America agrees to make available to the Government of the United States of America the same for the purpose of being used by the Government of the United States of America for the purpose of exportation.

**ARTICLE II
USES OF INDONESIAN RUPIAH**

These articles are subject to:

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be made by the two Governments. Purchase authorizations will include provisions relating to the sale and delivery of commodities including classes, types and/or varieties, the time and circumstances of deposit of the rupiah and other relevant matters.

**ARTICLE II
USES OF INDONESIAN RUPIAH**

The rupiah accruing to the Government of the United States of America as a consequence of sales made pursuant to this Agreement will be used by the Government of the United States of America, in such manner and order of priority as the Government of the United States of America shall determine, for the following purposes in the amounts shown:

1. For United States expenditures under subsections (a), (b), (f), (h) through (r) of Section 104 of the Act or under any of such subsections and for other mutually agreed uses under Section 104 of the Act, other than under subsections (e) and (g), ten percent of the rupiah received under the agreement.
2. For loans to be made by the Agency for International Development under Section 104(e) of said Act and for administrative expenses of the Agency for International Development in Indonesia incident thereto, five percent of the currencies received under the agreement.

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will be used by the Government of the United States of America in
various and sundry purposes of which more detailed to the agreement
the latter according to the Government of the United States of

DEPOSIT OF INDONESIAN RUPIAH
ARTICLE II

of deposit of the latter and other relevant matters.
proposed matters: after and/or amended: the here and circumstances
include provisions relating to the rate and delivery of commodities
be made by the two Governments. Following stipulations will

-4-

3. For loan to the Government of Indonesia under subsection
(g) of Section 104 of the Act, for financing such projects
to promote balanced economic development as may be
mutually agreed, including projects not heretofore included
in plans of the Government of Indonesia, 85 percent of the
rupiah accruing pursuant to this agreement. The terms
and conditions of the loan and other provisions will be
set forth in a separate agreement.

In the event that agreement is not reached on the use of the rupiah
for loan purposes within six years from the date of this agreement,
the Government of the United States of America may use the local
currency for any purpose authorized by Section 104 of the Act.

ARTICLE III
DEPOSIT OF INDONESIAN RUPIAH

1. The amount of rupiah to be deposited to the account of the
Government of the United States of America shall be the equivalent
of the dollar sales value of the commodities and ocean transportation
costs reimbursed or financed by the Government of the United States
of America (except excess costs resulting from the requirement that
United States flag vessels be used) converted into rupiah, as follows:

- (a) at the rate for dollar exchange applicable to commercial
import transactions on the dates of dollar disbursement
by the United States, provided that a unitary exchange rate

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Authority NND 949629
By Lat NARA Date 8/11/00

3. Not less to the Government of Indonesia under supervision

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applying to all foreign exchange transactions is maintained by the Government of Indonesia, or

- (b) if more than one legal rate for foreign exchange transactions exists, at a rate of exchange to be mutually agreed upon from time to time between the Government of Indonesia and the Government of the United States of America.

2. In the event that a subsequent Agricultural Commodities Agreement or Agreements should be signed by the two Governments under the Act, any refunds of rupiah which may be due or become due under this Agreement more than two years from the effective date of this Agreement would be made by the Government of the United States of America from funds available from the most recent Agricultural Commodities Agreement in effect at the time of the refund.

ARTICLE IV GENERAL UNDERTAKINGS

1. The Government of Indonesia agrees that it will take all possible measures to prevent the resale or transshipment to other countries or the use for other than domestic purposes (except where such resale, transshipment or use is specifically approved by the Government of the United States of America), of the agricultural commodities purchased pursuant to the provisions of this agreement, and to assure that the purchase of such commodities does not result in increased availability of these or like commodities for export from Indonesia.

1. In the event that a substantial agricultural commodity is produced in the United States of America, the Government of the United States of America, in order to give preference to the Government of Indonesia and the exports of such commodity to be imported shall be from (b) if more than one party has for foreign export purposes at the Government of Indonesia, or subject to all foreign export purposes is restricted

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2. The two Governments agree that they will take reasonable precautions to assure that all sales or purchases of agricultural commodities pursuant to the Agreement will not displace usual marketings of the United States of America in these commodities, or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries.

3. In carrying out this agreement, the two Governments will seek to assure, to the extent practicable, conditions of commerce permitting private traders to function effectively and will use their best endeavors to develop and extend continuous market demand for agricultural commodities.

4. The Government of Indonesia agrees to furnish, upon request of the United States of America, information on the progress of the program, particularly with respect to the arrival and condition of commodities and the provisions for the maintenance of usual marketings, and information relating to exports of the same or like commodities.

ARTICLE V CONSULTATION

The two Governments will, upon the request of either of them, consult regarding any matter relating to the application of this agreement or to the operation of arrangements carried out pursuant to this agreement.

of the Government of Indonesia and the Government of the United States of America, hereinafter referred to as the Parties, have agreed on the following terms and conditions for the purpose of the Agreement:

1. The Government of Indonesia and the Government of the United States of America, hereinafter referred to as the Parties, have agreed on the following terms and conditions for the purpose of the Agreement:

2. The Government of Indonesia and the Government of the United States of America, hereinafter referred to as the Parties, have agreed on the following terms and conditions for the purpose of the Agreement:

3. The Government of Indonesia and the Government of the United States of America, hereinafter referred to as the Parties, have agreed on the following terms and conditions for the purpose of the Agreement:

4. The Government of Indonesia and the Government of the United States of America, hereinafter referred to as the Parties, have agreed on the following terms and conditions for the purpose of the Agreement:

5. The Government of Indonesia and the Government of the United States of America, hereinafter referred to as the Parties, have agreed on the following terms and conditions for the purpose of the Agreement:

6. The Government of Indonesia and the Government of the United States of America, hereinafter referred to as the Parties, have agreed on the following terms and conditions for the purpose of the Agreement:

7. The Government of Indonesia and the Government of the United States of America, hereinafter referred to as the Parties, have agreed on the following terms and conditions for the purpose of the Agreement:

8. The Government of Indonesia and the Government of the United States of America, hereinafter referred to as the Parties, have agreed on the following terms and conditions for the purpose of the Agreement:

9. The Government of Indonesia and the Government of the United States of America, hereinafter referred to as the Parties, have agreed on the following terms and conditions for the purpose of the Agreement:

10. The Government of Indonesia and the Government of the United States of America, hereinafter referred to as the Parties, have agreed on the following terms and conditions for the purpose of the Agreement:

ARTICLE VI
ENTRY INTO FORCE

The Agreement shall enter into force upon signature.

IN WITNESS WHEREOF, the respective representatives, duly authorized for the purpose, have signed the present Agreement.

DONE at Djakarta in duplicate this 19th day of February, 1962.

FOR THE GOVERNMENT
OF INDONESIA:

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:

Page 41

AGRICULTURAL COMMODITIES AGREEMENT
BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF INDONESIA
UNDER TITLE I OF THE
AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT,
AS AMENDED

The Government of the United States of America and the Government of the Republic of Indonesia:

Recognizing the desirability of expanding trade in agricultural commodities between their two countries and with other friendly nations in a manner which would not displace actual marketings of the United States in these commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

Considering that the purchase for rupiah of agricultural commodities produced in the United States will assist in achieving such an expansion of trade;

Considering that the rupiah accruing from such purchases will be utilized in a manner beneficial to both countries;

Desiring to set forth the understandings which will govern the sales of agricultural commodities to Indonesia pursuant to Title I of the Agricultural Trade Development and Assistance Act, as amended (hereinafter referred to as the Act), during the calendar years 1962, 1963 and 1964 and the measures which the two Governments will take individually and collectively in furthering the expansion of trade in such commodities;

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DECLASSIFIED
Authority NND 949629
By Lat NARA Date 8/11/00

Have agreed as follows:

ARTICLE I
SALES FOR INDONESIAN RUPIAH

1. Subject to issuance by the Government of the United States of America and acceptance by the Government of Indonesia of purchase authorizations and to the availability of commodities under the Act at the time of exportation, the Government of the United States of America undertakes to finance the sale for rupiah to purchasers authorized by the Government of Indonesia of the following agricultural commodities in the minimum amounts indicated.

<u>Commodity</u>	<u>Export Market Value</u> (millions)
Rice	\$ 24.5
Cotton (domestic processing)	19.8
Cotton (third country processing)	16.5
Wheat flour	15.0
Tobacco	10.0
Ocean transportation	6.9
Total	\$ 92.7

2. Applications for purchase authorizations for \$5.0 million of rice, \$5.0 million of wheat flour, \$3.333 million of tobacco, \$5.7 million of cotton (domestic processing), and \$16.5 million of cotton (third country processing), plus certain ocean transportation costs, will be made within 90 calendar days after the effective date of this agreement for procurement during calendar year 1962.

The amounts of rice, cotton, tobacco, and wheat flour for subsequent years will be determined on the basis of annual review to be made by the two Governments. Purchase authorizations will

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include provisions relating to the sale and delivery of commodities including classes, types and/or varieties, the time and circumstances of deposit of the rupiah and other relevant matters.

ARTICLE II
USES OF INDONESIAN RUPIAH

The rupiah accruing to the Government of the United States of America as a consequence of sales made pursuant to this Agreement will be used by the Government of the United States of America, in such manner and order of priority as the Government of the United States of America shall determine, for the following purposes in the amounts shown:

1. For United States expenditures under subsections (a), (b), (f), (h) through (r) of Section 104 of the Act or under any of such subsections and for other mutually agreed uses under Section 104 of the Act, other than under subsections (e) and (g), ten percent of the rupiah received under the agreement.
2. For loans to be made by the Agency for International Development under Section 104(e) of said Act and for administrative expenses of the Agency for International Development in Indonesia incident thereto, five percent of the currencies received under the agreement.

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3. For loan to the Government of Indonesia under subsection (g) of Section 104 of the Act, for financing such projects to promote balanced economic development as may be mutually agreed, including projects not heretofore included in plans of the Government of Indonesia, 85 percent of the rupiah accruing pursuant to this agreement. The terms and conditions of the loan and other provisions will be set forth in a separate agreement.

In the event that agreement is not reached on the use of the rupiah for loan purposes within six years from the date of this agreement, the Government of the United States of America may use the local currency for any purpose authorized by Section 104 of the Act.

ARTICLE III
DEPOSIT OF INDONESIAN RUPIAH

1. The amount of rupiah to be deposited to the account of the Government of the United States of America shall be the equivalent of the dollar sales value of the commodities and ocean transportation costs reimbursed or financed by the Government of the United States of America (except excess costs resulting from the requirement that United States flag vessels be used) converted into rupiah, as follows:

- (a) at the rate for dollar exchange applicable to commercial import transactions on the dates of dollar disbursements by the United States, provided that a unitary exchange rate

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DECLASSIFIED
Authority NND 949629
By Lat NARA Date 8/11/00

applying to all foreign exchange transactions is maintained by the Government of Indonesia, or

- (b) if more than one legal rate for foreign exchange transactions exists, at a rate of exchange to be mutually agreed upon from time to time between the Government of the United States of America and the Government of Indonesia.

2. In the event that a subsequent Agricultural Commodities Agreement or Agreements should be signed by the two Governments under the Act, any refunds of rupiah which may be due or become due under this Agreement more than two years from the effective date of this Agreement would be made by the Government of the United States of America from funds available from the most recent Agricultural Commodities Agreement in effect at the time of the refund.

ARTICLE IV GENERAL UNDERTAKINGS

1. The Government of Indonesia agrees that it will take all possible measures to prevent the resale or transshipment to other countries or the use for other than domestic purposes (except where such resale, transshipment or use is specifically approved by the Government of the United States of America), of the agricultural commodities purchased pursuant to the provisions of this agreement, and to assure that the purchase of such commodities does not result in increased availability of these or like commodities for export from Indonesia.

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By Lat NARA Date 8/11/00

2. The two Governments agree that they will take reasonable precautions to assure that all sales or purchases of agricultural commodities pursuant to the Agreement will not displace usual marketings of the United States of America in these commodities, or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries.

3. In carrying out this agreement, the two Governments will seek to assure, to the extent practicable, conditions of commerce permitting private traders to function effectively and will use their best endeavors to develop and extend continuous market demand for agricultural commodities.

4. The Government of Indonesia agrees to furnish, upon request of the United States of America, information on the progress of the program, particularly with respect to the arrival and condition of commodities and the provisions for the maintenance of usual marketings, and information relating to exports of the same or like commodities.

ARTICLE V
CONSULTATION

The two Governments will, upon the request of either of them, consult regarding any matter relating to the application of this agreement or to the operation of arrangements carried out pursuant to this agreement.

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ARTICLE VI
ENTRY INTO FORCE

The Agreement shall enter into force upon signature.

IN WITNESS WHEREOF, the respective representatives, duly
authorized for the purpose, have signed the present Agreement.

DONE at Djakarta in duplicate this 19th day of February, 1962.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:

1. [Signature]

FOR THE GOVERNMENT
OF INDONESIA:

[Signature]

0 0 7 8 5

DECLASSIFIED
Authority NND 949629
By Lat NARA Date 8/11/00

Encl. #1



THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

REPUBLIC OF INDONESIA
ISLAND OF JAVA
CITY OF DJAKARTA
EMBASSY OF THE UNITED STATES
OF AMERICA

SS:

I, Jacob Walkin, Consul of the United States of America at Djakarta, Java, Indonesia, duly commissioned and qualified, do hereby certify that the annexed note No. 523, dated February 19, 1962, from the Ambassador of the United States of America to the Minister of Foreign Affairs of the Republic of Indonesia, is a true and correct copy of the original, the same having been carefully examined by me and found to agree word for word and figure for figure with the said original.

IN WITNESS WHEREOF I have hereunto set my hand and caused the seal of the Embassy of the United States of America at Djakarta, Java, Indonesia, to be affixed this twentieth day of February, 1962.



Jacob Walkin

Jacob Walkin
Consul of the United States of America
at Djakarta, Java, Indonesia.

Serial No.	—
Perth from No.	—
Fee Paid U.S.	Grat.
Local CV equiv.	—

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DECLASSIFIED
Authority NND 949629
By Lat NARA Date 8/11/00

Djakarta, February 19, 1962.

no. 523

Excellency:

I have the honor to refer to the Agricultural Commodities Agreement between the Government of the United States of America and the Government of Indonesia signed today, and in particular to Article III concerning the applicable rate of exchange for the deposit of rupiah equivalent to (1) the dollar sales value of the commodities purchased under the Agreement and (2) ocean transportation costs financed by the Government of the United States of America.

It is the understanding of the Government of the United States, pursuant to the provisions of subparagraph 1(b) of Article III, that rupiah deposits against fifteen percent of each disbursement by the United States corresponding to the portion of sales proceeds set aside for purposes specified under Article II, paragraphs (1) and (2) of the Agricultural Commodities Agreement, shall be made at the rate of rupiah 90.28125 per U. S. dollar. Deposits against the remaining eighty-five percent of each dollar disbursement, designated for uses specified under Article II, paragraph (3), shall be made at rupiah 45.28125 per U. S. dollar.

His Excellency

Dr. Subandrio,

Minister of Foreign Affairs,

Djakarta.

It is further understood that in the event of a change in the exchange system of Indonesia before the dollar disbursements referred to in Article III are completed, the new exchange rate or rates, for deposits under Article III, to be applicable from the date of such change, will be determined by mutual agreement.

I shall appreciate receiving Your Excellency's confirmation of the foregoing understanding.

Accept, Excellency, the renewed assurances of my highest consideration.

Howard P. Jones

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DECLASSIFIED
Authority NND 949629
By Lat NARA Date 8/11/00

Encl. #3



THE FOREIGN SERVICE.
OF THE
UNITED STATES OF AMERICA

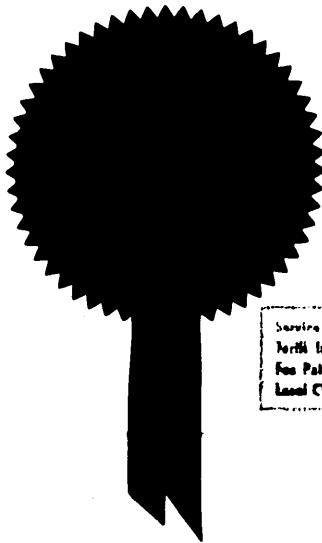
REPUBLIC OF INDONESIA
ISLAND OF JAVA
CITY OF DJAKARTA
EMBASSY OF THE UNITED STATES
OF AMERICA

SS:

I, Jacob Walkin, Consul of the United States of America at Djakarta, Java, Indonesia, duly commissioned and qualified, do hereby certify that the annexed note No. 522, dated February 19, 1962, from the Ambassador of the United States of America to the Minister of Foreign Affairs of the Republic of Indonesia, is a true and correct copy of the original, the same having been carefully examined by me and found to agree word for word and figure for figure with the said original.

IN WITNESS WHEREOF I have hereunto set my hand and caused the seal of the Embassy of the United States of America at Djakarta, Java, Indonesia, to be affixed this twentieth day of February, 1962.

Jacob Walkin
Jacob Walkin
Consul of the United States of America
at Djakarta, Java, Indonesia.



Serial No.	522
Perth from No.	522
Fee Paid U.S.	5
Local CT equiv.	

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DECLASSIFIED
Authority NND 949629
By *Lat* NARA Date 8/11/00

Djakarta, February 19, 1962.

No. 522

Excellency:

I have the honor to refer to the Agricultural Commodities Agreement signed today between the Government of the United States of America and the Government of Indonesia (hereinafter referred to as the Agreement) and, with regard to the rupiah accruing to uses indicated under Article II of the Agreement, to state that the understanding of the Government of the United States of America is as follows:

1. With respect to Article II, Paragraph (1) of the Agreement:

The Government of Indonesia will provide facilities over the three years for the conversion of two percent of the rupiah accruing pursuant to the subject agreement for agricultural market development purposes into currencies other than United States dollars on request of the Government of the United States of America. This facility is needed for the purpose of securing funds to finance agricultural market development activities of the Government of the United States in other countries.

His Excellency

Dr. Subandrio,

Minister of Foreign Affairs,

Djakarta.

For purposes of section 104(h) of the act the Government of Indonesia will provide, upon request to the Government of the United States of America, facilities for the conversion into other currencies of up to \$500,000 worth of rupiah for use in the purchase of transportation for Indonesian and American participants in the International Educational Exchange Program. Not more than \$100,000 of this amount will be available for use in 1962, not more than \$200,000 in 1963, with the unused balance of the \$500,000 to be available for use in 1964.

The Government of the United States of America may utilize rupiah in Indonesia to pay for goods and services needed in connection with agricultural market development projects and activities in other countries.

2. With respect to Article II, Paragraph 2 of the Agreement:

Loans to be made under that portion of Section 104(e) of the Act shall be in accordance with the provisions of the Indonesian Foreign Capital Investment Law of October 27, 1958, No. 78.

3. I wish to confirm my Government's understanding that imports of agricultural commodities under Title I of the Act shall be over and above usual commercial imports from the United States and countries friendly to the United States during each of the calendar years indicated as follows:

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Rice	650,000 MT.	1962, 1963, 1964
Wheat flour	105,000 MT.	1962, 1963, 1964

Imports of cotton under Title I of the Act shall be over and above usual commercial imports of 17,000 bales from the United States in each of the calendar years 1962, 1963, and 1964. These understandings with respect to usual commercial imports may be adjusted on the basis of a review of Indonesia's food and cotton supplies, financial position, and other relevant factors to be made by the two Governments prior to the beginning of each calendar year.

In the case of rice it is understood that imports under Title I shall be over and above the Government of Indonesia's commitment to purchase rice from countries friendly to the United States of America (including the United States of America) for delivery in calendar year 1962, which at this time amounts to 650,000 MT. During the subsequent years of the Agreement the progress and programs of the Government of Indonesia relating to total rice imports shall be taken into account in the annual review.

I shall appreciate your confirming to me that the contents of this note also represent the understanding of the Government of Indonesia.

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Accept, Excellency, the renewed assurances of my highest
consideration.

Howard P. Jones

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DECLASSIFIED
Authority NND 949629
By lat NARA Date 8/11/00

Djakarta, February 19, 1962.

No. 0153/62/06

Excellency:

I have the honour to acknowledge receipt of Your Excellency's Note No. 522 dated February 19, 1962, which reads as follows:

"I have the honor to refer to the Agricultural Commodities Agreement signed today between the Government of the United States of America and the Government of Indonesia (hereinafter referred to as the Agreement) and, with regard to the rupiah accruing to uses indicated under Article II of the Agreement, to state that the understanding of the Government of the United States of America is as follows:

"1. With respect to Article II, Paragraph (1) of the Agreement:

"The Government of Indonesia will provide facilities over the three years for the conversion of two percent of the rupiah accruing pursuant to the subject agreement for agricultural market

His Excellency

Howard P. Jones,

Ambassador Extraordinary and Plenipotentiary

of the United States of America,

Djakarta.

development purposes into currencies other than United States dollars on request of the Government of the United States of America. This facility is needed for the purpose of securing funds to finance agricultural market development activities of the Government of the United States in other countries.

"For purposes of section 104(h) of the act the Government of Indonesia will provide, upon request to the Government of the United States of America, facilities for the conversion into other currencies of up to \$500,000 worth of rupiah for use in the purchase of transportation for Indonesian and American participants in the International Educational Exchange Program. Not more than \$100,000 of this amount will be available for use in 1962, not more than \$200,000 in 1963, with the unused balance of the \$500,000 to be available for use in 1964.

"The Government of the United States of America may utilize rupiah in Indonesia to pay for goods and services needed in connection with agricultural market development projects and activities in other countries.

"2. With respect to Article II, Paragraph 2 of the Agreement:

"Loans to be made under that portion of Section 104(e) of the Act shall be in accordance with the provisions of the Indonesian Foreign Capital Investment Law of October 27, 1958, No. 78.

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"3. I wish to confirm my Government's understanding that imports of agricultural commodities under Title I of the Act shall be over and above usual commercial imports from the United States and countries friendly to the United States during each of the calendar years indicated as follows:

"Rice	650,000 MT.	1962, 1963, 1964
"Wheat flour	105,000 MT.	1962, 1963, 1964

"Imports of cotton under Title I of the Act shall be over and above usual commercial imports of 17,000 bales from the United States in each of the calendar years 1962, 1963, and 1964. These understandings with respect to usual commercial imports may be adjusted on the basis of a review of Indonesia's food and cotton supplies, financial position, and other relevant factors to be made by the two Governments prior to the beginning of each calendar year.

"In the case of rice it is understood that imports under Title I shall be over and above the Government of Indonesia's commitment to purchase rice from countries friendly to the United States of America (including the United States of America) for delivery in calendar year 1962, which at this time amounts to 650,000 MT. During the subsequent years of the Agreement the progress and programs of the Government of Indonesia relating to total rice imports shall be taken into account in the annual review.

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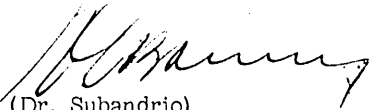
"I shall appreciate your confirming to me that the contents of this note also represent the understanding of the Government of Indonesia.

"Accept, Excellency, the renewed assurances of my highest consideration. "

I have the honour to confirm that the above understanding is correct.

Accept, Excellency, the assurances of my highest consideration.

Minister of Foreign Affairs,


(Dr. Subandrio)

0 0 7 9 7

DECLASSIFIED
Authority NND 949629
By Lat NARA Date 8/11/00

Encl. #1

Djakarta, February 19, 1962.

No. 0154/62/06

Excellency:

I have the honour to acknowledge receipt of Your Excellency's Note No. 523 dated February 19, 1962, which reads as follows:

"I have the honor to refer to the Agricultural Commodities Agreement between the Government of the United States of America and the Government of Indonesia signed today, and in particular to Article III concerning the applicable rate of exchange for the deposit of rupiah equivalent to (1) the dollar sales value of the commodities purchased under the Agreement and (2) ocean transportation costs financed by the Government of the United States of America.

"It is the understanding of the Government of the United States, pursuant to the provisions of subparagraph 1(b) of Article III, that rupiah deposits against fifteen percent of each disbursement by the United States corresponding to the portion of sales proceeds set aside for purposes specified under Article II, paragraphs (1) and (2) of the Agricultural

His Excellency

Howard P. Jones,

Ambassador Extraordinary and Plenipotentiary

of the United States of America,

Djakarta.

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DECLASSIFIED
Authority NND 949629
By Lat NARA Date 8/11/00

Commodities Agreement, shall be made at the rate of rupiah 90.28125 per U. S. dollar. Deposits against the remaining eighty-five percent of each dollar disbursement, designated for uses specified under Article II, paragraph (3), shall be made at rupiah 45.28125 per U. S. dollar.

"It is further understood that in the event of a change in the exchange system of Indonesia before the dollar disbursements referred to in Article III are completed, the new exchange rate or rates, for deposits under Article III, to be applicable from the date of such change, will be determined by mutual agreement.

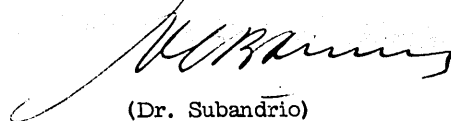
"I shall appreciate receiving Your Excellency's confirmation of the foregoing understanding.

"Accept, Excellency, the renewed assurances of my highest consideration."

I have the honour to confirm that the above understanding is correct.

Accept, Excellency, the assurances of my highest consideration.

Minister of Foreign Affairs,



(Dr. Subandrio)

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PRIORITY		UNCLASSIFIED (Security Classification)		DO NOT WRITE IN THIS SPACE 611.9841/2-2162	
FOREIGN SERVICE DESPATCH					
FROM :	Amembassy, DJAKARTA		558 DESP. NO.		
TO :	THE DEPARTMENT OF STATE, WASHINGTON.		February 21, 1962 DATE		<i>Opn</i>
REF :			FEB 21 1962		<i>LR-7</i>
5 For Dept. Use Only	ACTION E-5 REC'D 3/3	DEPT IN F O OTHER	REF: RM/R-2 FE-2 AID-11 INR-5 L-2 AGR-10 Com-10 C-1A-10 NSA-3		
SUBJECT: Indonesia Title I, Public Law 480.					

Prior to the signing of the Three-Year Title I, Public Law 480 Agreement on February 19, 1962, the Director of the Directorate of Foreign Economic Relations of the Indonesian Department of Foreign Affairs, requested a clarification of the amount of rice included in the agreement for delivery in calendar 1962. In the Agreement the total minimum amount of rice to be included for the three years is stated (\$24.5 million) and the amount of rice immediately available after the agreement is signed (\$5.0 million), but there is no mention in the Agreement of the additional rice that is to be available for calendar 1962 after the 1962 crop is harvested in the United States. Therefore, the Director requested a clarification of the minimum quantity of rice that they could request under the Agreement for delivery in calendar 1962. Based on the various communications received from the Department, a letter was given to the Minister of Foreign Affairs, which stated that the Ambassador's understanding was that 42,000 metric tons of rice was immediately available for delivery to Indonesia and that a minimum of 50,000 tons of rice would be available for Indonesia after August 1962. A copy of the letter is forwarded as Enclosure No. 1 of this despatch.

FOR THE AMBASSADOR:

MESSAGE CENTER
CONTROL
MAR 7 1962
IN OUT

Jack W. Lydman
Jack W. Lydman,
Counselor of Embassy
for Economic Affairs

FILED
MAR 8 - 1962

Encls: 1 (see above) -- 5 copies

No reply necessary.
OKP 3/2/62

AGRIC: COWinberg:vf
REPORTER

UNCLASSIFIED

ACTION COPY — DEPARTMENT OF STATE

The action office must return this permanent record copy to DC/R files with an endorsement of action taken.

DECLASSIFIED
Authority NND 949629
By *lat* NARA Date 8/11/00

*D-558 Djakarta
2-26-62*

American Embassy,
Djakarta, Indonesia,
February 19, 1962.

Excellency:

With reference to the Agricultural Commodities Agreement to be signed between our two Governments on February 19, 1962, I wish to clarify the amount of rice which will be available under this Agreement for the calendar year 1962.

In Section 2 of Article I of the above-mentioned Agreement, a purchase authorization for \$5.0 million worth of rice is to be applied for within 90 calendar days. This purchase authorization is to cover 42,000 tons of rice, which is immediately available for shipment in the U.S.A. Under the February 19 Agreement, an additional 50,000 tons of rice will be available for purchase by GCI after the U.S. 1962 rice crop is harvested in August. It is my understanding that your Government may then apply for an additional purchase authorization under this Agreement for a minimum of 50,000 tons of rice for delivery in calendar 1962.

Accept, Excellency, the renewed assurances of my highest consideration.

Howard F. Jones

His Excellency
Dr. Subandrio,
Minister of Foreign Affairs,
Djakarta.

AGRIC:COWinberg:vf /ECON:JWLydman

DECLASSIFIED
Authority NND 949629
By Lat NARA Date 8/11/00

UNCLASSIFIED (Security Classification)		DO NOT TYPE IN THIS SPACE 6-11. 9841/2-2162	
FOREIGN SERVICE DESPATCH			
FROM	Ambassador, JAKARTA		583 DESP. NO.
TO	THE DEPARTMENT OF STATE, WASHINGTON.		ADVANCE COPY February 21, 1962 DATE
REF			
5 For Dept. Use Only	ACTION E-5 REC'D 3/3	DEPT IN F O OTHER R-1 R-2 M/R-2 FE-2 AID-11 INK-5 L-2 A-10 C-10 C-1A-10 NSA-3	
SUBJECT: Indonesia Title I, Public Law 480.			

Prior to the signing of the Three-Year Title I, Public Law 480 Agreement on February 19, 1962, the Director of the Directorate of Foreign Economic Relations of the Indonesian Department of Foreign Affairs, requested a clarification of the amount of rice included in the agreement for delivery in calendar 1962. In the Agreement the total minimum amount of rice to be included for the three years is stated (\$24.5 million) and the amount of rice immediately available after the agreement is signed (\$5.0 million), but there is no mention in the Agreement of the additional rice that is to be available for calendar 1962 after the 1962 crop is harvested in the United States. Therefore, the Director requested a clarification of the minimum quantity of rice that they could request under the Agreement for delivery in calendar 1962. Based on the various communications received from the Department, a letter was given to the Minister of Foreign Affairs, which stated that the Ambassador's understanding was that 42,000 metric tons of rice was immediately available for delivery to Indonesia and that a minimum of 50,000 tons of rice would be available for Indonesia after August 1962. A copy of the letter is forwarded as Enclosure No. 1 of this despatch.

FOR THE AMBASSADOR:

Jack W. Lydman
Jack W. Lydman,
Counselor of Embassy
for Economic Affairs

Encls: 1 (see above) -- 5 copies

AGRIC:CC Winberg:vf
REPORTER

UNCLASSIFIED

ACTION COPY -- DEPARTMENT OF STATE

The action office must refer the permanent record copy to DC/R files with an endorsement of action taken.

0 0 8 0 2

DECLASSIFIED
Authority NND 949629
By *Lat* NARA Date 8/11/00

J-5580 Jakarta
LR

American Embassy,
Djakarta, Indonesia,
February 19, 1962.

Excellency:

With reference to the Agricultural Commodities Agreement to be signed between our two Governments on February 19, 1962, I wish to clarify the amount of rice which will be available under this Agreement for the calendar year 1962.

In Section 2 of Article I of the above-mentioned Agreement, a purchase authorization for \$5.0 million worth of rice is to be applied for within 90 calendar days. This purchase authorization is to cover 42,000 tons of rice, which is immediately available for shipment in the U.S.A. Under the February 19 Agreement, an additional 50,000 tons of rice will be available for purchase by GOI after the U.S. 1962 rice crop is harvested in August. It is my understanding that your Government may then apply for an additional purchase authorization under this Agreement for a minimum of 50,000 tons of rice for delivery in calendar 1962.

Accept, Excellency, the renewed assurances of my highest consideration.

Howard F. Jones

His Excellency
Dr. Subandrio,
Minister of Foreign Affairs,
Djakarta.

AGRIC:COWinberg:vi/ECON:FWLyman

611.984/22162

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DECLASSIFIED
Authority NND 949629
By Lat NARA Date 8/11/00

INCOMING TELEGRAM

Department of State

ACTION COPY

PERMANENT RECORD COPY

55

OFFICIAL USE ONLY

Action

Control: 17061

Rec'd: February 27, 1962
11:05 p.m.

E

Info

FROM: DJAKARTA

SS

TO: Secretary of State

L

FE

NO: 1556, FEBRUARY 27, 5 PM

IGA

AID

P

USIA

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CIA

NSA

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TRSY

WHM

RMR

AGRICULTURAL ATTACHE CALLED TO VISIT ONSEN, CHIEF, FOR.
ECON. RELATIONS, DEPT FOR. AFFAIRS, TO DISCUSS POSSIBILITY
OF AMENDING FEB 19 TITLE 1 PL480 AGREEMENT TO INCLUDE DAIRY,
FRUIT AND POULTRY PRODUCTS FOR CONSUMPTION BY PARTICIPANTS
AND VISITORS TO ASIAN GAMES THIS COMING AUGUST.

GOI PREPARING LIST OF COMMODITIES DESIRED, INCLUDING TYPE
AND PACK. ALSO INCLUDING THEIR ESTIMATE USUAL IMPORT REQUIREMENTS
FOR DAIRY PRODUCTS.

ATTACHE EXPRESSED WILLINGNESS FORWARD LIST TO DANA FOR
CONSIDERATION.

JONES

CC-22

FEB 28 1962
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		<i>E. L. ...</i> <i>CSO</i>	<i>None needed</i>	<i>2/28/62</i>	<i>File</i>

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